

Debt Types

Environmental Improvement Fund*

Debt Type	General Obligation Notes and Bonds (GO) [ch. 67, Wis. Stats.]	Revenue Bonds [s. 66.0621, Wis. Stats.]	Special Assessment B-Bonds [s. 66.0713(4), Wis. Stats.]	Hybrid Revenue Bonds (include a Pledge of Special Assessment Revenue)
Repayment Source	primarily property tax revenue	users charges from specified activity, e.g., sewer charges or water charges	revenue from special assessments levied against benefiting properties in the municipality	combination of user charge revenue and special assessment revenue
Municipal Limit	aggregate limit is 5% of equalized value of real estate in the municipality	none, however practical limit is amount of revenues available to pay deb service	none, however practical limit is amount of special assessments that can be levied on properties	same as revenue and special assessment B-Bonds
Advantages	most common debt type, simpler than other debt types, and typically lowest cost	preserves GO capacity and encourages utilities to be self-supporting enterprises	preserves GO capacity, keeps user charge lower, raises money from undeveloped properties, may qualify low income households for	flexibility in allocating debt burden between user charge and amount of special assessments levied

			grants	
Impact on Households	debt burden is spread based on property value	depends on structure of user charge i.e. whether debt cost is on a fixed part of user charge bill or variable part of bill	depends on methodology of special assessments, e.g. flat amount per property or front footage or other Higher payments in early years with level principal payments and interest on balance	depends on split between debt costs put on user charge and special assessments and methodology for both
Other Comments	people that itemize income taxes can deduct property taxes so, in effect, debt service becomes deductible for these people	revenue bonds have priorities similar to mortgages and typically have a debt coverage requirement of up to 140% of annual debt service	special assessments must equal the bond amount and match the bond payment schedule. Assessments are for capital costs not operating costs.	this is the structure the Clean Water Fund uses on all projects with special assessments pledged as a primary source of loan repayment

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